



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

March 31, 2015

MEMORANDUM

TO: The Honorable Sylvia Luke, Chair
House Committee on Finance

FROM: Rachael Wong, DrPH, Director

SUBJECT: **S.B. 1107 HD 1 – MAKING AN EMERGENCY APPROPRIATION
FOR GENERAL ASSISTANCE**

Hearing: Wednesday, April 1, 2015, 2:00 p.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of this bill is to make an emergency appropriation from the general revenues of the State of Hawaii for fiscal year 2014 – 2015 to address the budget shortfall for the general support of the general assistance program (HMS 204) in the Department of Human Services (DHS). The Administration requests the bill become effective upon approval.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill and respectfully asks the House Committee on Finance to amend the current draft by returning it to its original form, that is, to re-insert the requested appropriation of \$2,514,822.

A critical funding emergency exists: the DHS projects that at the current monthly rate of \$348 per month, for an average monthly case load of 5,720 disabled individuals, the General Assistance (GA) program will expend the appropriated amount prior to the end of the

current fiscal year. Without this emergency appropriation, it is projected that DHS will fully expend the current appropriation in HMS 204 by mid- May 2015.

Additionally, the electronic payment mechanism used to issue the GA benefits, the Electronic Benefit Transfer (EBT) system, is the same payment system used for the other benefit payments issued by BESSD. EBT is designed, as a check and balance feature, to withhold issuance of benefit payments if there is insufficient funding for any of the assistance programs. Thus a shutdown in GA due to insufficient funds would adversely affect the benefit issuances for the Temporary Assistance for Needy Families (TANF), Temporary Assistance for Other Needy Families (TAONF) and Aid to the Aged, Blind and Disabled (AABD) programs.

The General Assistance program (GA) provides cash benefits for food, clothing, shelter, and other essentials to adults ages 18 through 64, without minor dependents, who are temporarily disabled and who do not qualify for federal benefits available through the Social Security Administration. The DHS's fiscal year (FY) 2014-2015 budget appropriation for the GA program has maintained the GA benefit payment at \$348 a month to our disabled GA clients. In July 2014, the GA caseload began with 5,616 clients and has increased at an average rate of 1.192% a month, to an average of 5,752 GA clients per month. Using these current projections, the DHS will expend all of the appropriated funds by April 2015 while providing GA benefits at the current monthly amount of \$348. Consequently, this will result in a projected shortfall of \$2,514,822 through FY 2014-2015 to maintain the current GA maximum monthly benefit at \$348. This additional funding is critically needed to assist the estimated 5,720 disabled GA clients at the current monthly benefits of \$348 through the end of FY 2014-2015. Without this funding, the DHS would need to reduce the GA maximum monthly benefits from \$348 to \$150 in the last quarter of FY 2014-2015.

This current maximum monthly benefit payment amount for disabled individuals is 37.1% of the 2006 federal poverty level. This monthly maximum payment of \$348 is barely enough to cover living expenses for individuals whose eligibility is based on their inability to work due to medically evaluated physical or psychiatric problems, or a combination of both.

The DHS cannot cover the shortfall with savings, if any, from other programs because by statute, the GA program is a block grant. Section 346-53 (b), Hawaii Revised Statutes (HRS), requires the DHS to remain within the appropriation when providing benefits. This means that for the GA program, the DHS can only expend the funds appropriated by the Legislature to HMS 204, General Assistance Payment. Additional funds are urgently and immediately needed to maintain the maximum GA benefit payment at \$348 per month for the estimated 5,752 disabled individuals through the end of the current FY 2014-2015.

The previous version of SB1107 included the \$2,514,822 appropriation amount; the DHS requests your kind consideration in re-inserting this appropriation amount into the measure.

Thank you for the opportunity to provide testimony on this bill.

UNIVERSITY OF HAWAII

Bridge to Hope
Serving UH Welfare Recipient Students

TO: House Finance Committee
Rep. Sylvia Luke, Chair
Rep. Scott Nishimoto, Vice Chair

FROM: Teresa Bill, UH Bridge to Hope Coordinator (956-8059)

RE: Testimony Supporting SB1107, HD1 Making an Emergency Appropriation
Wed. April 1, 2015
2:0 p.m. Conference Room 308

I am Teresa Bill, testifying in **support of SB1107, HD1** making an emergency appropriation to address the funding shortfall for the General Assistance (GA) program in the Dept. of Human Services.

I am the coordinator of a UH program called Bridge to Hope that supports TANF participants in their pursuit of higher education as a means of economic self-sufficiency. However my testimony is not the official testimony of the University.

As a member of the Dept. of Human Services' Financial Assistance Advisory Council, I am aware that the "block grant funding" of General Assistance (GA) often results in less funds than needed to maintain a stable monthly allocation for GA recipients. It is a difficult decision the Dept. of Human Services must undertake to reduce the already small \$ 348 amount per month to address a shortfall. This small but very necessary funding can mean the difference for the 5,752 single adults who may use these funds for shared housing. A reminder - **\$348 represents only 37.1% of the 2006 poverty level!** (the amount upon which the payment is calculated) for a single adult.

The General Assistance program supports single adults, typically those with a short-term disability or those categorized as "short term disability" while awaiting acceptance into Social Security Disability (SSDI) program. I know DHS has worked diligently to move appropriate and eligible GA recipients to SSDI and federal funds.

Of course, to avoid the need for emergency appropriations, I will make my plug to increase the amount of block grant funding for General Assistance for the upcoming biennium budget.

Please **support SB1107, HD1** to maintain this critical funding for adult general assistance recipients.

Thank You





PROTECTING HAWAII'S OHANA, CHILDREN, UNDER SERVED, ELDERLY AND DISABLED

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TO: Representative Sylvia Luke, Chair
Representative Scott Y. Nishimoto, Vice Chair
Members, House Committee on Finance

FROM: Scott Morishige, MSW
Executive Director, PHOCUSED

HEARING: **Wednesday, April 1, 2015 at 2:00 p.m. in Conf. Rm. 308**

**Testimony in Support of SB1107 HD1, Making an
Emergency Appropriation for General Assistance.**

Thank you for the opportunity to provide testimony in **support** of **SB1107 HD1**, which would make an emergency appropriation for FY 2014-2015 to address a budget shortfall of the general assistance program. PHOCUSED is a nonprofit membership and advocacy organization that works together with community stakeholders to impact program and policy change for the most vulnerable in our community, including individuals with disabilities and recipients of public assistance.

Many of our member organizations serve individuals who receive general assistance (GA) benefits from the State's Department of Human Services (DHS). GA is a benefit awarded to individuals with a disability that prevents them from being able to work, and who often have no or very little income. This bill would make an emergency appropriation to DHS so that GA benefits may be maintained at their current level for the duration of this fiscal year.

Currently, the GA benefit is \$348 per month. If no emergency appropriations are received, DHS would likely reduce this benefit even further, to as low as \$150 per month. A reduction in benefits would be hugely disruptive to GA recipients, who represent some of Hawaii's most vulnerable individuals – those who are disabled and unable to work, many of whom are homeless and struggling with mental illness or other chronic medical conditions.

PHOCUSED thanks you for the opportunity to testify in support of this bill, and requests that an emergency appropriation be provided to prevent disruption of benefits for our most vulnerable citizens. If you have any questions, please do not hesitate to contact PHOCUSED at 521-7462 or by e-mail at admin@phocused-hawaii.org.